

Frequently Asked Questions Related to Covid-19 and the CARES Act

General Questions

1. Will TRS benefits be affected by recent declines in the stock market?

Remember, TRS is a Defined Benefit (DB) pension plan, in which a member's benefit is calculated and fixed at the time of retirement. Other types of retirement accounts are highly sensitive to short-term market fluctuations, but DB pensions like TRS are carefully managed for **long-term** growth and stability, guaranteeing a modest but steady income for the retiree's lifetime. TRS currently has just over \$4 billion in assets to pay retirement benefits, so we are well positioned to continue making monthly payments into the foreseeable future.

Notarization of TRS Forms

2. I am ready to submit my TRS retirement application, but due to the Covid-19 shutdown I currently don't have access to a notary. What should I do?

TRS has temporarily modified procedures to help ensure retirement applications can be processed in a timely manner. If you are planning to retire, communicate with your employer and carefully follow [these steps](#) (pdf) to allow TRS to perform initial processing. You will need to complete the notarization step later, as directed by TRS.

3. Does the above modified procedure apply to other TRS forms, such as Form 123 *Beneficiary Designation for Active Members*?

No. To protect against fraud, the notarization step is still an important and required part of many TRS business processes. However:

- **Active** (non-retired) TRS members can designate beneficiaries online, thereby almost always avoiding the need for notarization. This is done by logging into *My TRS*, the secure member account system, then selecting "My Beneficiaries" and following instructions there. To learn more, see the *My TRS Online Portal* section of our [Active Members webpage](#).
- *For new TRS members:* The new employee will be able to create a login for *My TRS* **after** the school district or other employer has reported wages to TRS for the first time.

CARES Act / Coronavirus-Related Distributions

4. I heard the CARES Act allows an active, contributing member of a retirement system to take up to a \$100,000 loan from their retirement account as a COVID-19 hardship distribution without terminating employment. Does this apply to my TRS account?

No. The CARES Act does not require a qualified defined benefit plan to make distributions that are not otherwise available under the plan's terms (state law in this case). TRS is a defined benefit pension plan, which means a member's lifetime retirement benefit is calculated according to a formula that considers their years of creditable service and average final compensation, and the retiree's monthly payments do not end when their member account balance is exhausted. Because the ability to fund current and future benefits depends on consistent contributions to the system from both members and employers, defined benefit pension plans do not provide a mechanism for loans or partial withdrawals for active, contributing members.

5. Does the CARES Act apply to any distribution made by TRS?

If a member has terminated employment in all TRS reportable positions and chooses to withdraw from the retirement system, the CARES Act would apply to a member's refund of accumulated contributions upon withdrawal if the member certifies eligibility to receive the refund as a Coronavirus-Related Distribution (CVRD). For more information, see TRS's [Information Sheet on Coronavirus-Related Distributions](#).

6. If I believe I qualify to receive a CVRD, what do I need to do?

You must submit a completed Application for Withdrawal and a CVRD Certification Form to TRS by December 10, 2020, so that TRS may process your application and ensure you receive your refund on or before December 31, 2020. To receive the appropriate forms, contact TRS at (406) 444-3134 or (866) 600-4045.

Be advised that if you were employed within the previous six months, TRS will require your employer to certify that you have terminated employment. TRS also requires your notarized signature on the withdrawal application materials. Please plan accordingly to ensure these additional requirements can be completed in time to submit your application and CVRD certification to TRS no later than December 10, 2020.

7. Is there any other reason a member should not withdraw from TRS and take a refund of their member contributions as a CVRD?

Any member who wants to withdraw from TRS should consider the consequences very carefully:

- Withdrawing means a member forfeits membership in TRS, and therefore forfeits the right to receive a future lifetime retirement benefit. For almost all members, the value of a lifetime benefit far exceeds the value of their accumulated contributions. As a rule of thumb, retired TRS members typically will have received monthly benefits equal to or greater than their accumulated contributions account balance within five years.
- A Tier One member who withdraws from TRS and later returns to TRS-reportable employment will return as a Tier Two member, even if s/he redeposits the previously withdrawn contributions. Tier Two members must earn more years of creditable service and generally must retire at a later age than Tier One members. Under current law, Tier Two members also receive a smaller guaranteed annual benefit adjustment (GABA) than Tier One members.

8. If I qualify for a CVRD and later I return to work in a TRS-reportable position, can I reinstate my creditable service and my right to receive a future retirement benefit?

Yes. If you withdraw from TRS and later return to TRS active membership, you may redeposit all or any portion of the CVRD and receive creditable service commensurate with the amount of your redeposit. Normally, a member who previously withdrew must pay interest on that redeposit; however, the CARES Act allows you to make that redeposit without paying interest – as long as you do so within the three (3) calendar years beginning on the day after you received the CVRD from TRS.